

1.0 TENANTS IMPROVEMENTS**1.1 BUILDING SHELL REQUIREMENTS (SEP 2000)**

- A. The Lessor's buildout obligations in providing a building shell (at the Lessor's expense) shall include the following:
1. Base structure and building enclosure components shall be complete. All common areas accessible by the Government, such as lobbies, fire egress corridors and stairwells, elevators, garages, and services areas, shall be complete. Restrooms shall be complete and operational.
 2. *Accessibility Requirements.* As modernizations or remodeling projects occur in building common space, areas included in that project shall be brought up to current accessibility standards.
 4. *Doors.* Exterior building doors and doors necessary to the lobbies, common areas, and core areas shall be required. This does not include suite entry or interior doors specific to Tenant Improvements. Related hardware shall be installed.
 5. *Flooring.* All building common areas shall have finished floors.
 6. *Heating and Cooling.* Heating and cooling systems/units shall be installed and operational.
 7. *Electrical.* Electrical power distribution panels and circuit breakers shall be available in an electrical closet.
 8. *Lighting.* Lighting as necessary shall be provided in all building common areas.
 9. *Safety and Environmental Management.* Complete safety and environmental management shall be provided throughout the building in accordance with federal, state, and local codes and laws and shall be in accordance with both the ADAAG and the UFAS.
 10. *Telephone Rooms.* The telephone closets shall include a telephone backboard.

1.2 TENANT IMPROVEMENTS \$100,000 OR LESS (SEP 2000)

- A. The Lessor may be requested to provide alterations during the term of the lease. Alterations will be ordered by issuance of GSA Form 276, Supplemental Lease Agreement, GSA Form 300, Order for Supplies or Services, or a Tenant Agency-approved form. The two clauses from GSA Form 3517, General Clauses, 552.232-25, *Prompt Payment* (Deviation FAR 52.232-25), and 552.232-70, *Invoice Requirements*, apply to orders for alterations. All orders are subject to the terms and conditions of this lease.
- B. Orders may be placed by the 1) Contracting Officer, 2) GSA Buildings Manager, or 3) Tenant Agency officials when specifically authorized to do so by the Contracting Officer. The Contracting Officer will provide the Lessor with a list of Tenant Agency officials authorized to place orders and will specify any limitations on the authority delegated to Tenant Agency officials. The Tenant Agency officials are not authorized to deal with the Lessor on any other matters.
- C. Payments for alterations ordered by the Tenant Agency will be made directly by the Tenant Agency placing the order.

2.0 MISCELLANEOUS**2.1 ADJUSTMENT FOR VACANT PREMISES, GSAR 552.270-16 (VARIATION) (SEP 1999)**

- A. If the Government fails to occupy any portion of the leased premises or vacates the premises in whole or in part prior to expiration of the term of the lease, the rental rate will be reduced.
- B. The rate will be reduced by that portion of the costs per ANSI/BOMA Office Area square foot of operating expenses not required to maintain the space. Said reduction shall occur after the Government gives 30 calendar days prior notice to the Lessor and shall continue in effect until the Government occupies the premises or the lease expires or is terminated.

2.2 NOVATION AGREEMENT

- A. In the event of a transfer of ownership of the lease premises, or a change in the lessor's legal name, the lessor must comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR).
- B. "Change-of-name agreement" means a legal instrument executed by the contractor and the Government that recognizes the legal change of name of the contractor without disturbing the original contractual rights and obligations of the parties.
- C. "Novation agreement" means a legal instrument executed by the:
- A. Contractor (transferor)
 - B. Successor in interest (transferee)
 - C. Government, by which, among other things, the transferor guarantees performance of the contract, the transferee assumes all obligations under the contract, and the Government recognizes the transfer of the contract and related assets.
- D. The Government generally executes a Novation Agreement when the leased property is sold or other interest in the property is legally transferred. A Novation Agreement provides that:

1. The transferee assumes all the transferor's obligations under the contract.
 2. The transferor waives all rights under the contract against the Government
 3. The transferor guarantees performance of the contractor by the transferee
 4. Nothing in the agreement shall relieve the transferor or transferee from compliance with any federal law
- E. The Contracting Officer must be notified in writing of the proposed change-of-name or ownership prior to execution of any Novation Agreement. The Contracting Officer may request additional information (i.e., copy of the deed of trust, bill of sale, certificate of merger, contract, court decree, etc.) from the transferor or transferee to validate the proposed changes.
- F. Any separate agreement between the transferor and transferee regarding the assumption of liabilities should be referenced specifically in the Novation Agreement.
- G. When it is in the best interest of the Government not to concur in the transfer of a contract from one entity to another, the original contractor remains under contractual obligation to the Government. The contract may be terminated for reasons of default, should the original contractor fail to perform.
- H. When executed on behalf of the Government, a Novation Agreement is made part of the lease via Supplemental Lease Agreement.

3.0 GENERAL ARCHITECTURE AND ARCHITECTURAL FINISHES

3.1 INDOOR AIR QUALITY DURING CONSTRUCTION (SEP 2000)

- A. The Lessor shall provide to the Government material safety data sheets (MSDS) upon request for the following products prior to their installation or use: adhesives, caulking, sealants, insulating materials, fireproofing or firestopping materials, paints, carpets, floor and wall patching or leveling materials, lubricants, clear finish for wood surfaces, and janitorial cleaning products.
- B. The Contracting Officer may eliminate from consideration products with significant quantities of toxic, flammable, corrosive, or carcinogenic material and products with potential for harmful chemical emissions. Materials used often or in large quantities will receive the greatest amount of review.
- C. All MSDS shall comply with Occupational Safety and Health Administration (OSHA) requirements. The Lessor and its agents shall comply with all recommended measures in the MSDS to protect the health and safety of personnel.
- D. Where demolition or construction work occurs adjacent to occupied space, the Lessor shall erect appropriate barriers (noise, dust, odor, etc.) and take necessary steps to minimize interference with the occupants. This includes maintaining acceptable temperature, humidity, and ventilation in the occupied areas during window removal, window replacement, or similar types of work.

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3.2 ADHESIVES AND SEALANTS (SEP 2000)

All adhesives employed (including, but not limited to, adhesives for carpet, carpet tile, plastic laminate, wall coverings, adhesives for wood, or sealants) shall be those with the lowest possible VOC content below 20 grams per liter and which meet the requirements of the manufacturer of the products adhered or involved. The Lessor shall use adhesives and sealants with no formaldehyde or heavy metals.

3.3 INSULATION: THERMAL, ACOUSTIC, AND HVAC (SEP 2000)

- A. All insulation products shall contain recovered materials as required by EPA's CPG and related recycled content recommendations.
- B. No insulation installed shall be material manufactured using chlorofluorocarbons (CFC's), nor shall CFC's be used in the installation of the product.
- C. All insulation containing fibrous materials exposed to air flow shall be rated for that exposure or shall be encapsulated.
- D. Insulating properties for all materials shall meet or exceed applicable industry standards. Polystyrene products shall meet American Society for Testing and Materials (ASTM) C578-91.

3.4 FLOOR COVERING AND PERIMETERS (SEP 2000)

A. CARPET – REPAIR OR REPLACEMENT:

1. Except when damaged by the Government, the Lessor shall repair or replace carpet at the Lessor's expense at any time during the lease term, including moving and returning of furnishings when:
 - a. backing or underlayment is exposed;
 - b. there are noticeable variations in surface color or texture; or
 - c. tears and tripping hazards are present.

Work shall be performed after normal working hours as defined elsewhere in this SFO.

2. Carpet in Tenant space shall be replaced every 10 years, including moving and returning of furnishings. Work shall be performed after normal working hours as defined elsewhere in this SFO.
- B. **RESILIENT FLOORING – REPAIR OR REPLACEMENT:**
1. Except when damaged by the Government, the Lessor shall repair or replace resilient flooring at the Lessor's expense at any time during the lease term when:
 - a. it has curls, upturned edges, or other noticeable variations in texture.
 2. Repair or replacement shall include the moving and returning of furnishings. Work shall be performed after normal working hours as defined elsewhere in this SFO.
- C. **INSTALLATION:**
Floor covering shall be installed in accordance with manufacturing instructions to lay smoothly and evenly.
- D. **SAMPLES:**
When floor covering is to be newly installed or changed within Government occupied space, the Lessor shall provide the Government with a minimum of 3 different color samples of each type of floor covering. The sample and color shall be approved by GSA prior to installation.

3.5 CARPET TILE (SEP 2000)

A. Any carpet to be newly installed shall meet the following specifications:

1. *Pile Yarn Content.* Pile yarn content shall be staple filament or continuous filament branded by a fiber producer (e.g., Allied, DuPont, Monsanto, BASF), soil-hiding nylon or polyethylene terephthalate (PET) resin.
2. *Environmental Requirements.* The Lessor shall use carpet that meets the "Green Label" requirements of the Carpet and Rug Institute unless an exception is granted by the Contracting Officer.
3. *Carpet Pile Construction.* Carpet pile construction shall be tufted level loop, level cut pile, or level cut/uncut pile.
4. *Pile Weight.* Pile weight shall be a minimum of 26 ounces per square yard for level loop and cut pile. Pile weight shall be a minimum of 32 ounces per square yard for plush and twist.
5. *Secondary Back.* The secondary back shall be polyvinyl chloride, ethylene vinyl acetate, polyurethane, polyethylene, bitumen, or olefinic hardback reinforced with fiberglass.
6. *Total Weight.* Total weight shall be a minimum of 130 ounces per square yard.
7. *Density.* The density shall be 100 percent nylon (loop and cut pile) with a minimum of 4,000; other fibers, including blends and combinations with a minimum of 4,500.
8. *Pile Height.* The minimum pile height shall be 1/8 inch. The combined thickness of the pile, cushion, and backing height shall not exceed 1/2 inch (13 mm).
9. *Static Buildup.* Static buildup shall be a maximum of 3.5 kilovolt, when tested in accordance with AATCC-134.
10. *Carpet Construction.* Carpet construction shall be a minimum of 64 tufts per square inch.

3.6 FLAG POLE (SEP 2000)

A. **BUILDING SHELL:**

If the Government is the sole occupant of the building, a flag pole shall be provided at a location to be approved by the Contracting Officer. The flag will be provided by the Government. This requirement may be waived if determined inappropriate by GSA.

4.0 MECHANICAL, ELECTRICAL, PLUMBING

4.1 MECHANICAL, ELECTRICAL, PLUMBING: GENERAL (SEP 2000)

A. **BUILDING SHELL:**

The Lessor shall provide and operate all building equipment and systems in accordance with applicable technical publications, manuals, and standard procedures. Mains, lines, and meters for utilities shall be provided by the Lessor. Exposed ducts, piping, and conduits are not permitted in office space.

4.2 HEATING AND AIR CONDITIONING (SEP 2000)

A. **BUILDING SHELL:**

1. Temperatures shall be kept as near to 72 degrees as possible during regular working hours by utilizing the heating and cooling systems/units to the fullest extent of their capabilities.

4.3 VENTILATION (SEP 2000)

- A. Air filtration shall be provided and maintained with filters of an appropriate efficiency.
- B. Toilet rooms shall be properly exhausted.

4.4 ELECTRICAL: GENERAL (SEP 2000)

The Lessor shall be responsible for meeting the applicable requirements of local codes and ordinances. Main service facilities shall be enclosed. The enclosure may not be used for storage or other purposes and shall have door(s) with a locking mechanism.

4.5 ELECTRICAL: DISTRIBUTION (SEP 2000)**A. BUILDING SHELL:**

- 1. Main distribution for standard office occupancy shall be provided at the Lessor's expense.

5.0 SERVICES, UTILITIES, MAINTENANCE**5.1 OVERTIME USAGE (JAN 1997)**

- A. Regular building hours are established as 7:00 AM to 5:00 PM.
- B. The Government shall have access to the leased space at all times without additional payment, including the use, during other than normal hours, of necessary services and utilities such as elevators, toilets, lights, and electric power.
- C. Reimbursement to the Lessor for overtime heating or cooling will be at the hourly rate established in the contract.

5.2 JANITORIAL SERVICES (SEP 2000)

- A. The Lessor shall provide janitorial services for the leased space, public areas, entrances, and all other common areas and shall provide replacement of supplies. Time of janitorial service shall be coordinated with the Government tenant agency.
- B. The Lessor shall maintain the leased premises, including outside areas, in a clean condition and shall provide supplies and equipment. The following schedule describes the level of services intended. Performance will be based on the Contracting Officer's evaluation of results, not the frequency or method of performance.
 - 1. *Daily.* Empty trash receptacles, and clean ashtrays. Sweep entrances, lobbies, and corridors. Spot sweep floors, and spot vacuum carpets. Clean drinking fountains. Sweep and damp mop or scrub toilet rooms. Clean all toilet fixtures, and replenish toilet supplies. Dispose of all trash and garbage generated in or about the building. Wash inside and out or steam clean cans used for collection of food remnants from snack bars and vending machines. Dust horizontal surfaces that are readily available and visibly require dusting. Spray buff resilient floors in main corridors, entrances, and lobbies. Clean elevators and escalators. Remove carpet stains. Police sidewalks, parking areas, and driveways. Sweep loading dock areas and platforms. Clean glass entry doors to the Government-demised area.
 - 2. *Three Times a Week.* Sweep or vacuum stairs.
 - 3. *Weekly.* Damp mop and spray buff all resilient floors in toilets and health units. Sweep sidewalks, parking areas, and driveways (weather permitting).
 - 4. *Every Two Weeks.* Spray buff resilient floors in secondary corridors, entrance, and lobbies. Damp mop and spray buff hard and resilient floors in office space.
 - 5. *Monthly.* Thoroughly dust furniture. Completely sweep and/or vacuum carpets. Sweep storage space. Spot clean all wall surfaces within 70 inches of the floor.
 - 6. *Every Two Months.* Damp wipe toilet wastepaper receptacles, stall partitions, doors, window sills, and frames. Shampoo entrance and elevator carpets.
 - 7. *Three Times a Year.* Dust wall surfaces within 70 inches of the floor, vertical surfaces and under surfaces. Clean metal and marble surfaces in lobbies. Wet mop or scrub garages.
 - 8. *Twice a Year.* Wash all interior and exterior windows and other glass surfaces. Strip and apply four coats of finish to resilient floors in toilets. Strip and refinish main corridors and other heavy traffic areas.
 - 9. *Annually.* Wash all venetian blinds, and dust 6 months from washing. Vacuum or dust all surfaces in the building of 70 inches from the floor, including light fixtures. Vacuum all draperies in place. Strip and refinish floors in offices and secondary lobbies and corridors. Shampoo carpets in corridors and lobbies. Clean balconies, ledges, courts, areaways, and flat roofs.
 - 10. *Every Two Years.* Shampoo carpets in all offices and other non-public areas.
 - 11. *Every Five Years.* Dry clean or wash (as appropriate) all draperies.

12. *Required.* Properly maintain plants and lawns. Remove snow and ice from entrances, exterior walks, and parking lots of the building as provided in the "Snow Removal" paragraph, Section 5.3. Provide initial supply, installation, and replacement of light bulbs, tubes, ballasts, and starters. Replace worn floor coverings (this includes the moving and returning of furnishings). Control pests as appropriate, using Integrated Pest Management techniques.

5.3 SNOW REMOVAL

- A. Lessor shall provide snow removal services for the Government Monday through Friday (holidays excepted). Parking lots shall be cleared if the snow accumulation exceeds 2 inches. Sidewalks, walkways and other entrance areas shall be cleared of snow/and or ice if the accumulation exceeds 1.5 inches. The snow removal shall take place no later than 5:00 AM, without exception. Should accumulation continue throughout the day, the Lessor (or building manager) is responsible to contact the snow removal contractor to request additional services. In addition to snow removal, the Lessor shall make sure that the walkways, sidewalks and parking lots are free of ice during business hours. Excess buildup of sand and/or ice melt shall be removed to alleviate any potential slip hazards. If the building entrance(s) has a northern exposure, then additional measures shall be taken by the Lessor to ensure safety to pedestrians.

5.4 SECURITY (SEP 2000)

The Lessor shall provide a level of security which reasonably deters unauthorized entry to the space leased during non-duty hours and deters loitering or disruptive acts in and around the space leased. The Lessor shall ensure that security cameras and lighting are not obstructed.

5.5 SECURITY: ADDITIONAL REQUIREMENTS

- A. The Government reserves the right to require the Lessor to submit completed fingerprint charts and personal history statements for each employee of the Lessor as well as employees of the Lessor's contractors or subcontractors who will provide building operating services of a continuing nature for the property in which the leased space is located. The Government may also require this information for employees of the Lessor, the Lessor's contractors, or subcontractors who will be engaged to perform alterations or emergency repairs for the property.
- A. If required, the Contracting Officer shall furnish the Lessor with Form FD-258, Fingerprint Chart, and Form 176, Statement of Personal History, to be completed for each employee and returned by the Lessor to the Contracting Officer (or the Contracting Officer's designated representative) within 10 working days from the date of the written request to do so. Based on the information furnished, the Government will conduct security checks of the employees. The Contracting Officer will advise the Lessor in writing if an employee is found to be unsuitable or unfit for the employee's assigned duties. Effective immediately, such an employee cannot work or be assigned to work on the property in which the leased space is located. The Lessor shall be required to provide the same data within 10 working days from the addition of new employee(s) to the work force. In the event the Lessor's contractor/subcontractor is subsequently replaced, the new contractor/subcontractor is not required to submit another set of these forms for employees who were cleared through this process while employed by the former contractor/subcontractor. The Contracting Officer may require the Lessor to submit Form FD-258 and Form 176 for every employee covered by this paragraph on a 3-year basis.

5.6 MAINTENANCE AND TESTING OF SYSTEMS (SEP 2000)

- A. The Lessor is responsible for the total maintenance and repair of the leased premises. Such maintenance and repairs include site and private access roads. All equipment and systems shall be maintained to provide reliable service. The Lessor's maintenance responsibility includes initial supply and replacement of all supplies, materials, and equipment necessary for such maintenance. Maintenance, testing, and inspection of appropriate equipment and systems shall be done in accordance with applicable codes, and inspection certificates shall be displayed as appropriate. Copies of all records in this regard shall be forwarded to the GSA Field Office Manager or a designated representative.

6.0 SAFETY AND ENVIRONMENTAL MANAGEMENT

6.1 OSHA REQUIREMENTS (SEP 2000)

The Lessor shall maintain buildings and space in a safe and healthful condition according to OSHA standards.

6.2 INDOOR AIR QUALITY (SEP 2000)

- A. The Lessor shall promptly investigate indoor air quality (IAQ) complaints and shall implement the necessary controls to address the complaint.
- B. The Government reserves the right to conduct independent IAQ assessments and detailed studies in space that it occupies, as well as in space serving the Government-demised area (e.g., common use areas, mechanical rooms, HVAC systems, etc.). The Lessor shall assist the Government in its assessments and detailed studies by 1) making available information on building operations and Lessor activities; 2) providing access to space for assessment and testing, if required; and 3) implementing corrective measures required by the Contracting Officer.

6.3 HAZARDOUS MATERIALS (OCT 1996)

The leased space shall be free of hazardous materials according to applicable federal, state, and local environmental regulations.

7.0 MISCELLANEOUS**FOR THIS PROCUREMENT, THE BASE YEAR TAX AMOUNT WILL BE ESTABLISHED AT 3% OF THE PURCHASE PRICE.****7.1 TAX ADJUSTMENT (SEP 2000)**

- A. Real estate taxes, as referred to in this paragraph, are only those taxes which are assessed against the building and/or the land upon which the building is located, without regard to benefit to the property, for the purpose of funding general Government services. Real estate taxes shall not include, without limitation, general and/or special assessments, business improvement district assessments, or any other present or future taxes or governmental charges that are imposed upon the Lessor or assessed against the building and/or the land upon which the building is located.
- B. Base year taxes as referred to in this paragraph are 1) the real estate taxes for the first 12-month period coincident with full assessment or 2) may be an amount negotiated by the parties that reflects an agreed upon base for a fully assessed value of the property.

The term "full assessment" as referred to in this paragraph means that the taxing jurisdiction has considered all contemplated improvements to the assessed property in the valuation of the same. Partial assessments for newly constructed projects or for projects under construction, conversion, or renovation will not be used for establishing the Government's base year for taxes.

For a "negotiated and agreed upon" base year tax amount, real estate tax adjustments, as covered herein, may be conducted beginning with the first anniversary date of this lease, including the time period from lease inception to the first anniversary date.

For real estate tax adjustments wherein the base year amount is calculated on "first 12 month period coincident with a full assessment," the taxes may be adjusted as covered herein for the time period that begins between the first and second anniversary dates of the lease, excluding the time period from lease inception to the first anniversary date.

- C. The Lessor shall furnish the Contracting Officer with copies of all notices which may affect the valuation of said land and buildings for real estate taxes thereon, as well as all notices of a tax credit, all tax bills, and all paid tax receipts, or where tax receipts are not given, other similar evidence of payment acceptable to the Contracting Officer (hereinafter, evidence of payment), and a proper invoice (as described in GSA Form 3517, General Clauses, 552.232-75, *Prompt Payment*) of the tax adjustment including the calculation thereof, for each year that real estate taxes are incurred during the lease term or any extension thereof. All such documents are due within 10 calendar days of receipt except that the proper invoice and evidence of payment shall be submitted within 60 calendar days after the date the tax payment is due from the Lessor to the taxing authority. **FAILURE TO SUBMIT THE PROPER INVOICE AND EVIDENCE OF PAYMENT WITHIN SUCH TIME FRAME SHALL BE A WAIVER OF THE RIGHT TO RECEIVE PAYMENT RESULTING FROM AN INCREASED TAX ADJUSTMENT UNDER THIS PARAGRAPH.**

- D. The Government shall 1) make a single annual lump sum payment to the Lessor for its share of any increase in real estate taxes during the lease term over the amount established as the base year taxes or 2) receive a rental credit or lump sum payment for its share of any decreases in real estate taxes during the lease term below the amount established as the base year taxes. The amount of lump sum payment or rental credit shall be based upon evidence of valuation and payment submitted by the Lessor to the Contracting Officer in accordance with subparagraph C.

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RESEARCH EXACT DOCUMENT
THAT CONTAINS THE "PROMPT
PAYMENT" CLAUSE¶

1. In the event of an increase in taxes over the base year, the Lessor shall submit a proper invoice of the tax adjustment including the calculation thereof together with evidence of payment to the Contracting Officer. **THE GOVERNMENT SHALL BE RESPONSIBLE FOR PAYMENT OF ANY TAX INCREASE OVER THE BASE YEAR TAXES ONLY IF THE PROPER INVOICE AND EVIDENCE OF PAYMENT IS SUBMITTED BY THE LESSOR WITHIN 60 CALENDAR DAYS AFTER THE DATE THE TAX PAYMENT IS DUE FROM THE LESSOR TO THE TAXING AUTHORITY.** The due date for making payment shall be the 30th calendar day after receipt of evidence of payment by the Contracting Officer or the 30th calendar day after the anniversary date of the lease, whichever is later. If the lease terminates before the end of a tax year, payment for the tax increase due as a result of this section for the tax year will be prorated based on the number of days that the Government occupied the space. No increase will be paid, due, or owing unless all evidence of valuation and payment has been previously submitted to the Contracting Officer. The Government's payment for its share of real estate taxes shall not include any late charges, interest, or penalties imposed by the taxing authority as a result of the Lessor's delinquency in paying such taxes or charges.
2. In the event of a decrease in taxes from the base year, or in the event of any refund or tax deduction, the Lessor shall notify the Contracting Officer in accordance with subparagraph C. The Government shall be entitled to, and shall receive a credit for, the prorata reduction in taxes applicable to the premises encumbered by this lease, regardless of whether the Government has made a tax payment for that year. The Government's share of the credit will be determined in accordance with subparagraph F and shall be taken as a deduction from the rent. Any credit due the Government after the expiration or earlier termination of the lease (including, but not limited to, credits resulting from a decrease in taxes pursuant to a tax credit due the Lessor; a reduction in the tax assessment; or a tax appeal proceeding for a year of the lease, or portion thereof) shall be made by a lump sum payment to the Government or as a rental credit to any succeeding lease as determined by the Contracting Officer. The Lessor shall remit any lump sum payment to the Government within 15 calendar days of payment by the taxing authority to the Lessor or the Lessor's designee. If the credit due to the Government is not paid by the due date, interest shall accrue on the late payment at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (United States Code 41 USC 611) that is in effect on the day after the due date. The interest penalty shall accrue daily on the amount of the credit and shall be compounded in 30-day increments inclusive from the first day after the due date through the payment date. The Government shall have the right to pursue the outstanding balance of any tax credit using all such collection methods as are available to the United States to collect debts. Such collection rights shall survive the expiration of this lease.

- E. The Government shall pay its share of tax increases or shall receive its share of any tax decrease based on the ratio of the rentable square feet occupied by the Government to the total rentable square feet in the building or complex (percentage of occupancy). For the purpose of this lease, the Government's percentage of occupancy as of the date hereof is 61 percent based upon an occupancy of 29,563 rentable square feet in a building of 48,709 rentable square feet. This percentage shall be subject to adjustment to take into account additions or reductions of the amount of space as may be contemplated in this lease or amendments hereto. The block and lot/parcel or other identification numbers for the property, building(s), and parking areas(s) occupied under this lease are 102 4TH Ave SE.
- F. The Government may direct the Lessor upon reasonable notice to initiate a tax appeal, or the Government may decide to contest the tax assessment on behalf of the Government and the Lessor or for the Government alone. The Lessor shall furnish to the Government information necessary for appeal of the tax assessment in accordance with the filing requirements of the taxing authority. If the Government decides to contest the tax assessment on its own behalf or on behalf of the Government and the Lessor, the Lessor shall cooperate and use all reasonable efforts including, but not limited to, affirming the accuracy of the documents, executing documents required for any legal proceeding, and taking such other actions as may be required. If the Lessor initiates an appeal on behalf of the Government, the Government and the Lessor will enter into an agreement to establish a method for sharing expenses and tax savings.

7.2 PERCENTAGE OF OCCUPANCY

The percent of the building occupied by the Government, for purposes of tax adjustments, has been established in 7.1.e.

7.3 OPERATING COSTS (SEP 2000)

- A. Beginning with the second year of the lease and each year thereafter, the Government shall pay adjusted rent for changes in costs for cleaning services, supplies, materials, maintenance, trash removal, landscaping, water, sewer charges, heating, electricity, and certain administrative expenses attributable to occupancy. Applicable costs listed on GSA Form 1217, Lessor's Annual Cost Statement, when negotiated and agreed upon, will be used to determine the base rate for operating costs adjustment.
- B. The amount of adjustment will be determined by multiplying the base rate by the percent of change in the Cost of Living Index. The percent change will be computed by comparing the index figure published in the month of the lease commencement date with the index figure published in the month which begins each successive 12-month period. For example, a lease which commences in June of 1995 would use the index published in June of 1995, and that figure would be compared with the index published in June of 1996, June of 1997, and so on, to determine the percent change. The Cost of Living Index will be measured by the Department of Labor revised Consumer Price Index for wage earners and clerical workers, U.S. city average, all items figure, (1982 to 1984 = 100) published by the Bureau of Labor Statistics. Payment will be made with the monthly installment of fixed rent. Rental adjustments will be effective on the anniversary date of the lease.
- C. If the Government exercises an option to extend the lease term at the same rate as that of the original term, the option price will be based on the adjustment during the original term. Annual adjustments will continue.
- D. In the event of any decreases in the Cost of Living Index occurring during the term of the occupancy under the lease, the rental amount will be reduced accordingly. The amount of such reductions will be determined in the same manner as increases in rent provided under this paragraph.

7.4 OPERATING COSTS BASE (SEP 2000)

FOR THIS PROCUREMENT, THE BASE YEAR OPERATING COSTS IS ESTABLISHED AT \$2.24 PER RENTABLE SF.

7.5 NOVATION AGREEMENT

- I. In the event of a transfer of ownership of the lease premises, or a change in the lessor's legal name, the lessor must comply with the requirements of Subpart 42.12 of the Federal Acquisition Regulations (FAR).
- J. "Change-of-name agreement" means a legal instrument executed by the contractor and the Government that recognizes the legal change of name of the contractor without disturbing the original contractual rights and obligations of the parties.
- K. "Novation agreement" means a legal instrument executed by the:
- D. Contractor (transferor)
 - E. Successor in interest (transferee)
 - F. Government, by which, among other things, the transferor guarantees performance of the contract, the transferee assumes all obligations under the contract, and the Government recognizes the transfer of the contract and related assets.
- L. The Government generally executes a Novation Agreement when the leased property is sold or other interest in the property is legally transferred. A Novation Agreement provides that:
- 5. The transferee assumes all the transferor's obligations under the contract.
 - 6. The transferor waives all rights under the contract against the Government
 - 7. The transferor guarantees performance of the contractor by the transferee
 - 8. Nothing in the agreement shall relieve the transferor or transferee from compliance with any federal law

Requirements

- M. The Contracting Officer must be notified in writing of the proposed change-of-name or ownership prior to execution of any Novation Agreement. The Contracting Officer may request additional information (i.e., copy of the deed of trust, bill of sale, certificate of merger, contract, court decree, etc.) from the transferor or transferee to validate the proposed changes.
- N. Any separate agreement between the transferor and transferee regarding the assumption of liabilities should be referenced specifically in the Novation Agreement.
- O. When it is in the best interest of the Government not to concur in the transfer of a contract from one entity to another, the original contractor remains under contractual obligation to the Government. The contract may be terminated for reasons of default, should the original contractor fail to perform.
- P. When executed on behalf of the Government, a Novation Agreement is made part of the lease via Supplemental Lease Agreement.